

Recommendation: Remove the following student categories from the statutes:

- Radio Emergency Associated Citizens Teams (REACT) under contract to a county as an emergency response agency
- Patients in State alcoholic rehabilitation facilities
- Clients of sheltered workshops
- Clients of adult developmental activity programs
- Students in Health and Human Services Development programs
- Members of the NC State Defense Militia

Issue Two: Waivers Authorized in Various Places

Concern: Most community college tuition waivers are located in the NC General Statutes – either in G.S. 115D-5(b) or in G.S. 115B-2. A few tuition waivers appear only in the NC Administrative Code. Authorizing waivers outside of the General Statutes can lead to confusion and interpretations of waivers other than what was intended by the General Assembly.

Recommendation: Include the following tuition waivers in the General Statutes, if the General Assembly wishes to continue waiving tuition in these categories:

- NC Civil Air Patrol members
- Individuals engaged in civil preparedness
- Full-time college staff members

Issue Three: Strong Incentives to Increase Enrollment and Costs

Concern: Community colleges are funded at the same amount per FTE regardless of how much tuition is paid by their students, therefore colleges could have a financial incentive to increase enrollment as much as possible. This potential incentive is typically balanced by a student's ability and willingness to pay tuition. However, in the case of tuition-waived courses, students also have an incentive to take as many courses as their time allows, regardless of cost to the State. Additionally, a student faces no consequences if he registers for a class but does not attend. These incentives can lead to an increase in cost to the State over time.

Recommendation: Consider funding courses that are primarily tuition waived (such as public-safety-related courses and Human Resources Development courses) on a contact hour basis or on an FTE completed basis, rather than based on enrollment at the census date. Then, the State would only pay for the education received.

Alternatively, the State could reimburse courses that are primarily tuition-waived at a lower rate than other courses, recognizing that these courses are provided at a greater cost to the State. This could be accomplished either by reimbursing colleges at a lower rate per waived FTE than regular FTE or by requiring more student hours to be used to calculate a waived FTE.

Finally, the General Assembly could consider capping the amount of tuition waived. This could be achieved in a number of ways – either through specific limits on waivers, elimination of certain tuition waiver categories, or direct appropriations to groups to pay for tuition.